STATE OF ILLINOIS SECRETARY OF STATE SECURITIES DEPARTMENT

IN THE MATTER OF: JON A. DARMSTADTER)) FILE NO. C0100052
))

NOTICE OF HEARING

TO RESPONDENT:

Jon A. Darmstadter 40 Roger Williams Road Highland Park, IL 60035

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing will be held at 69 West Washington, Suite 1220, Chicago, Illinois 60602, on the 20th of August, 2003, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Soula J. Spyropoulos or such other duly designated Hearing Officer of the Secretary of State. By your request for a hearing, you agree to a tolling of the time limitation on the effectiveness of the Temporary Order of Prohibition for 60 days from the date the request is received by the Department.

This hearing will be held to determine whether an Order should be entered pursuant to Section 11.E of the Act prohibiting Respondent from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

- Little Bell and Company LLC ("Little Bell") is a business entity with a last known address of 2205 13th Street, Winthrop Harbor, IL 60096.
- Doug Little ("Little") is an individual with a last known address of 2205 13th Street, Winthrop Harbor, IL 60096. Little is a partner with Little Bell.

- 3. Jon Darmstadter ("Darmstadter" or "Respondent") is an individual with a last known address of 40 Roger Williams Road, Highland Park, IL 60035. Darmstadter is the President of a company named EKIDnetwork.com., Inc.
- 4. Shilimoon Youkhana ("Youkhana") is an Illinois resident.
- 5. Darmstadter gave to Little a stock certificate for 100,000 shares in The Children's Beverage Group, Inc. He also gave to Little a signed receipt acknowledging, "received fifty thousand dollars (\$50,000) for the purchase of a note from Mr. Tom Scallon to be converted to one hundred fifty-six thousand (156,000) shares of the to be merged company EKIDnetwork.com, Inc." (The "Certificate").
- 6. In or about January 2000, Little offered to Youkhana and other members of Youkhana's family ("Investors") an opportunity to buy "pre-IPO" shares in EKIDnetwork.com, Inc. ("EKID"). Little said that he was negotiating a deal with the President of EKID to buy 100,000 shares at \$1.00 per share, of which he would personally buy 50,000 shares and sell the remaining 50,000 shares.
- 7. In or about February 2000, Investors purchased 15,000 shares of stock in EKID at \$1.00 per share. Investors purchased the shares with checks (the "Checks") made payable to Little Bell.
- 8. On or about February 10, 2000, Little sent Investors a memorandum (the "Memo") regarding Little's purchase of a convertible note for \$50,000 which would be converted to shares of the to be merged company EKID.
- 9. In the Memo, Little promised to issue a letter of direction to the company's transfer agent AST, Inc., to issue the appropriate number of shares to each Investor. The timetable attached to the Memo indicated that the shares would be received around February 28, 2000.
- 10. The Memo also indicated that after the completion of the reverse merger the number of available free trade shares (street stock) of EKID would be approximately 50,000 shares. The timetable attached to the Memo indicated that the stock would go public around March 6-15, 2000.
- 11. On or about February 21, 2000, Little sent to Investors receipts for their Checks and assignments of their respective shares of Little's rights and interests in the Certificate.

- 12. Despite acknowledging the receipt of \$50,000 from Little, Respondent Darmstadter, as president, failed to issue any shares of EKID to Investors.
- Investors made several attempts to contact Little and Little Bell for their stock certificates or the return of their investment but Little and Little Bell failed to provide any stock certificates for their shares in EKID.
- 14. Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5] ("the Act") provides, inter alia, that a "security" means any stock, note or evidence of indebtedness.
- 15. The shares in EKID are a security as defined under the Act.
- 16. Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act, or offered and sold in transactions exempt under Section 4 of the Act, shall be registered with the Secretary of State by filling the proper application prior to their offer or sale in or from the State of Illinois.
- 17. The activities detailed in paragraphs six and seven (6-7) constitute an offer and a sale under Section 2.5a and Section 2.5 of the Act.
- 18. Section 12.A of the Act provides, <u>inter alia</u>, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
- Section 12.D of the Act provides, <u>inter alia</u>, that it is a violation of the Act for any person to fail to file with the Secretary of State, Securities Department any required application, report, or document.
- 20. At all times relevant hereto the security referenced in paragraph six and seven (6-7) was offered for sale and sold at a time when this security did not have the proper application on file at the Secretary of State.
- 21. Section 12.D of the Act provides, inter alia, that it is a violation of the Act for any person to fail to file with the Secretary of State, Securities Department any required application, report, or document.
- 22. Respondent violated Sections 12.A and 12.D of the Act by selling unregistered securities.

- 23. Section 12. F of the Act provides, inter alia, that it is a violation of the Act for any person to engage in any transaction, practice, or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
- 24. By virtue of the foregoing, Respondent violated Section 12.F.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of the receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default by you.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

WHITE WILLS / W Secretary of State State of Illinois

Attorney for the Secretary of State:

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Hearing Officer:

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